X2M Connect Limited (ASX:X2M)
ASX Announcement

Tender Win in South Korea 2021

18ᵗʰ October 2021

X2M continues its growth story with two important tender wins in South Korea through its local subsidiary

X2M is pleased to announce that the principal Government agency for water management in South Korea has selected a wholly owned subsidiary of X2M as the successful bidder for two remote water monitoring tenders covering 9,377 households across three municipalities. X2M now has five days to finalise and execute contracts which have largely been set out in the tender documents. Summary details are as follows:

- The aggregate tender value is 1.3b Korean Won (approx. AUD$1.49m) which includes the X2M IoT platform, devices and 12 months of remote meter monitoring fees. Prior to the end of this 12 month period a new monthly SaaS fee will be agreed for ongoing monitoring

- Contracting party – Korea Water Resources Corporation (K Water)

- Time allowed for completing the deployment is 360 days from executing contracts

- Municipalities involved:

  Cheonan – This deployment will cover 4,874 households with X2M replacing the current vendor who has a small deployment of 214 households.

  Dangjin – This deployment is for 3,008 households adding to the existing 3,311 deployments X2M has previously installed for this municipality giving a total of 6,319 households with X2M's technology, a total penetration of 17.8% of the available households in this municipality. Importantly, the X2M IoT platform has been adopted as the standard for remote water monitoring in the municipality and it is anticipated all future deployments will need to connect to the X2M IoT platform.

  Taean – This deployment is for 1,495 households and in addition will displace the current supplier who has deployments across 2,201 households and importantly, the existing deployments will be connected into the X2M IoT platform.

- The Total Addressable Market across the three municipalities is 109,744 households with penetration following completion of this deployment being a total of 15,103 (13.7%) households. The estimated value of the future implementation across the remaining households is in excess of AUD$ 10m. We expect opportunities to secure this to progressively present themselves over the next two to three financial years. X2M's strong position in this market together with incumbency that these mandates are expected to deliver positions it well to secure future opportunities

Whilst X2M previously had a small deployment of 200 households with K Water, this is the first significant contract win with K Water and follows the granting of a Performance Excellence Certificate by the South Korean Ministry of SMEs and Startups to X2M's subsidiary in September of this year.

X2M CEO Mohan Jesudason said "This is an excellent result for our subsidiary on a number of fronts. Winning our first major mandate with K Water delivers a strong signal of the strength of our capability and sets us up very well to consolidate and strengthen our leadership position in this market. In addition, replacing existing competitors shows our competitiveness and installing our platform in these municipalities bodes well for the future of our SaaS business and the opportunity to secure future recurring revenues ".

Securing these tenders takes the total number of Enterprise and Government customers across the Group to 39 with an addressable market of in excess of 25m households.

About K Water

K Water is the principal government agency for management of water resources in South Korea and boasts more than two thousand specialised positions within the organisation of more than six thousand staff.

K Water distributes water either through participating municipalities who own and manage their water supply or directly manages water on behalf of municipalities. The total number of municipalities directly managed by K Water for water distribution is 23 out of a total of 161 municipalities in South Korea.

The Board of X2M has approved this announcement.

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About X2M Connect Group

X2M Connect (X2M) is an Australian technology company with proprietary Internet of Things (IoT) technology that uses the internet to deliver productivity improvements, cost savings and improved public safety to enterprise and government customers. The technology connects devices over the internet and enables data exchange and the remote control of devices. Revenue is generated via the sale of hardware, as well as monthly subscription services (Software as a Service (SaaS)).

The Company's strategy is to invest in growth and scale the business internationally.
X2M's current focus is on servicing the utility sector in the Asia-Pacific (APAC) and the Company has successfully established a number of government and enterprise customer relationships. The business is head quartered in Melbourne Australia and has subsidiaries in Japan, South Korea, Taiwan, and the recently established subsidiary in Beijing, China.

Further information on can be found on the Company's website www.x2mconnect.com